



DEPARTMENT OF PUBLIC WORKS  
CITY OF NEW ORLEANS

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**Fix My Streets Financing Working Group**

Current State of Infrastructure Finance Meeting Minutes

**Tuesday, January 19, 2016**

2100 Leon C. Simon Street

2<sup>nd</sup> Floor Training Room, Mosquito, Termite and Rodent Control Board

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Committee Members Present:

Chair, Dr. Norma Jean Mattei, James Amdal, Damon Burns, *Aaron Clark-Rizzio* for The Honorable Jason Rogers Williams, Todd James, Robert Lupo, *Chris Morvant* for Shawn Wilson, Wayne Neveu, The Honorable Nadine Ramsey, *Jeffrey Roesel* for Walter Brooks, Eric Songy, Barbara Woolfolk, Freddy Yoder, Jr.

Attendance: 13

Guests:

Celeste Coco-Ewing, Bureau of Governmental Research, Jeff Januszek, Fix My Streets, Tim Garrett, NOLAHoods, The Honorable Stephanie Hilferty, Louisiana House of Representatives, Brittany Major, Business Council of New Orleans, William Rafferty, Paul Rioux, Bureau of Governmental Research

Staff Present:

Cedric Grant, Executive Director, Sewerage & Water Board of New Orleans, Norman Foster, Chief Financial Officer, City of New Orleans, Mark Jernigan, Director, Department of Public Works, Joe Becker, General Superintendent, Sewerage and Water Board of New Orleans, Dani Galloway, Special Assistant, City of New Orleans, Brenda Thornton, Communirep, Inc., Robert Miller, Chief Financial Officer, Sewerage and Water Board of New Orleans

**Agenda Item I. Call to Order.** Dr. Mattei called the meeting to order at 10:30a.m.

**Agenda Item II. Roll Call.** Dr. Mattei noted the members present.

**Agenda Item III. Current State of Infrastructure Finance.** Cedric Grant, Executive Director of the Sewerage and Water Board described the current state of infrastructure financing. He stated that this working group initiative will start the major education process needed to move

forward as it applies to financing Fix My Streets Projects. Mr. Grant stated that this presentation would attempt to cover all sources of infrastructure financing generally available to the City, he emphasized that there are multiple financial sources used in a variety of ways. He gave an analysis of some recent financial reports.

**Agenda Item III.A. General Obligation Bonds and Future Capacity.** Norman Foster, Chief Financial Officer, City of New Orleans summarized the proposed 2016 Budget for the General Fund, the 2016 Department of Public Works Operating Budget, the 2016 Capital Budget that listed 13 funding sources including FEMA, Bonds, D-CDBG, Anticipated FEMA, grants and donations for a grand total of \$1.7B. Mr. Foster discussed the millage collections and explained that the revenue collection for infrastructure comes directly from property taxes and not the debt service. The Mills collected from the Board of Liquidation for General Obligation Debt are grouped as revenue collected per mill. Homestead exemption equals \$3M, Non-homestead exemption equals \$3.5M and 25.5 Mills equal \$78M. General Obligation Bonds are a pledge that borrowers will pay bondholders back. Additionally, a current debt service of \$120M over the next three to four years will allow General Obligation Bond Millage to remain unchanged.

**Agenda Item III.B. Future Funding.** Mr. Foster addressed the Future Funding that would be available to the City. There is an April 2016 General Obligation Ballot Measure for \$120M (Millage Unchanged); a plan to issue \$50M in 2016 of that \$41M will be for the following categories: Minor Streets-\$20M, Major Streets-\$10M, Arterial Roadways-\$8M, and Enhancements-\$3M. The City plans to issue \$70M in 2018 of that \$59M will be for streets. Distribution of the funds will be prioritized through the Capital Improvement Plan. He indicated that General Obligation Debt Service will fall substantially in 2022. Additional FEMA Funds from the Settlement for DPW equals \$1,120,882,769 and for SWB equals \$128,986,034.

**Agenda Item III.B.2. FEMA Funds.** The FEMA Hazard Mitigation Grant Program (HMGP) provides funding to states and local governments to implement long term measures to mitigate future, potential damages and is awarded after the community has experienced a disaster.

**Agenda Item III.B.3. CDBG/DCDBG.** The Community Development Block Grant (CDBG) annual allocation is \$4.5M, significantly lower from previous years. In 2016, all funds were allocated towards Housing & Public Services. The Disaster Community Development Block Grant (DCDBG) funding is contingent on a declared disaster. Mr. Foster stated that all Hurricane Katrina funding has been allocated except for \$5M of the DCDBG Hurricane Isaac funding which will be used to repair drainage failures.

**Agenda Item III.B.4. Hazard Mitigation Grant Program.** The City will utilize Hazard Mitigation Grant Funds to implement green infrastructure stormwater management improvement in the following FEMA approved neighborhoods:

- Pontilly \$15,158,000
- Broadmoor \$50,992,560
- Mirabeau \$22,522,938
- St. Roch \$7,500,000
- Lakeview \$5,000,000
- Algiers \$4,000,000
- Bayou St. John/ Haggen/Lafitte \$7,000,000

- Academy Park \$6,500,000

**Agenda Item III.C. State Capital Outlay.** Transportation Improvement Program (TIP), The Regional Planning Commission adopts bi-annual TIP projects which consist of Priority Projects. In general, the City will pay 100% of the project Design and 20% of Construction Costs. State Capital Outlay: “Capital outlays” mean expenditures for acquiring lands, buildings, equipment, or other permanent properties, or for their preservation or development or permanent improvement. Competition for the limited funds available is tremendous. Annual applications for funding are due November 1st. Parish Transportation Fund, ~\$2M annual allocation.

**Agenda Item III.D. Water and Sewer Revenue Bonds.** Robert Miller, Chief Financial Officer for the Sewerage and Water Board of New Orleans stated that the best available public information for the water system is located on the Board of Liquidation Website at [http://boardofliquidation.com/Financial\\_Reports/WRB%202015%20Final%20OS.pdf](http://boardofliquidation.com/Financial_Reports/WRB%202015%20Final%20OS.pdf) and for the sewer system:

[http://boardofliquidation.com/Financial\\_Reports/SSRB%202015%20Final%20OS.pdf](http://boardofliquidation.com/Financial_Reports/SSRB%202015%20Final%20OS.pdf)  
Mr. Miller stated that there are three independently-funded utilities, water system, which is funded by water rates, sewer system, which is funded by sewer rates, and the major drainage system, which is funded by a dedicated property tax. Each system is funded separately and does not subsidize the other. Mr. Miller explained that a program of water and sewer rates was adopted in Dec. 2012, which provided for eight annual increases of 10% beginning in Jan 2013. This resulted in the operating and capital needs for the water and sewer systems being nearly fully funded through 2020.

**Agenda Item III.E. Drainage Millages.** Mr. Miller discussed the additional funding needs for the Board’s drainage system; he listed operations and maintenance of permanent pump stations at Lakefront, repayment of SELA Canals obligations, green infrastructure elements of the Greater New Orleans Urban Water Plan, deferred maintenance and capital improvements of major and minor drainage systems. He stated that the major drainage system is funded by three dedicated property tax millages, (1) Three Mill tax (important to extend in 2016), (2) Six Mill tax and (3) Nine Mill tax.

**Agenda Item IV. Consideration of Any Other Matters That May Come Before the Board.** Committee members asked questions related to the information presented pertaining to water and sewer maintenance funding, sewer consent decree funding and drainage millage renewal. Committee members also discussed the need for ongoing funding for infrastructure once we have executed the FEMA funded work planned. The Committee also discussed alternative funding options and requested information be provided about these possibilities.

**Agenda Item V. Public Comment.** Responses to all public comments and questions will be posted at <http://www.nola.gov/dpw/fix-my-streets-financing-working-group/>

**Agenda Item VI. Adjournment.** Dr. Mattei called for a motion to adjourn the meeting. There being no further business the meeting was adjourned at 12:00p.m.